

MGM SECURITIES PRIVATE LIMITED

**Half Yearly Financial Statements
For the Period Ended on 31 December, 2020**

MGM SECURITIES PRIVATE LIMITED

Balance Sheet

As at 31 December, 2020

		Dec-20	Dec-19
ASSETS	Note	Rupees	Rupees
Non-Current Assets			
Property and equipment	7	7,876,922	8,350,809
Intangible asset	8	2,500,000	2,500,000
Long term investments	9	19,158,233	19,158,233
Long term deposits	10	1,511,000	1,511,000
		31,046,155	31,520,042
Current Assets			
Trade debts - net	11	20,833,492	1,787,752
Advances	12	3,736,625	4,634,217
Current Portion of Loan Adv.		1,435,000	
Deposits and other receivables	13	55,554	18,436,668
PSX Exposure + NCCPL Deposited		35,200,000	
Income tax refundable	14	168,954	3,148,590
Short term investments	15	457,500	457,500
Cash and bank balances	16	64,897,936	54,278,978
		126,785,061	82,743,705
		157,831,217	114,263,748
Equity and Liabilities			
Share capital and reserves			
Share capital	17	50,000,000	35,000,000
Unappropriated profit		18,902,171	19,319,917
Capital Reserve		20,567,845	20,120,538
Total equity		89,470,016	74,440,455
Non-Current Liabilities			
Liabilities against assets subject to finance lease	18	-	-
Current Liabilities			
Trade and other payables	19	62,564,646	38,486,382
Current portion of liabilities against assets subject to finance lease	18	6,255	632,099
Other Payables	20	5,790,300	704,813
		68,361,201	39,823,294
Contingencies and commitments	21	157,831,217	114,263,749

The annexed notes 1 to 40 form an integral part of these financial statements.


 Chief Executive


 Director

MGM SECURITIES PRIVATE LIMITED

Profit and Loss Account

For the Year ended 31 December, 2018

	Note	Dec-20 Rupees	Dec-19 Rupees
Operating Revenue	22	23,970,252	9,954,740
Gain/(Loss) on sale of short term investments - net Fair value Gain/(Loss) on remeasurement of investments through profit or loss			
Other Income	23	1,748,471	2,078,743
		<u>25,718,722</u>	<u>12,033,483</u>
Operating and administrative expenses	24	(8,286,096)	(6,090,410)
Financial charges	25	(17,392)	(71,989)
Profit / (loss) before taxation		<u>17,415,234</u>	<u>5,871,084</u>
Taxation	26	-	-
Profit/ (loss) for the year		<u>17,415,234</u>	<u>5,871,084</u>
Earning/ (Loss) per share - basic	27	49.76	16.77

The annexed notes 1 to 40 form an integral part of these financial statements.



Chief Executive



Director

8 INTANGIBLE ASSETS

		Dec-20	Dec-19
		---Rupees---	
Trading Right Entitlement Certificate ("TREC")	8.1	2,500,000	2,500,000
Revaluation gain	8.2		
		<u>2,500,000</u>	<u>2,500,000</u>

- 8.1 Pursuant to the Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012, stock exchanges operating as guarantee limited companies were converted to public limited companies. Ownership rights in exchanges were segregated from the right to trade on an exchange. As a result of such demutualization and corporatization, the Company received shares of the relevant exchange and a Trading Rights Entitlement Certificate ("TREC") against its membership card.

The TREC has been recorded as an indefinite-life intangible asset pursuant to the provisions and requirements of IAS 38. As the TREC is not a commonly tradable instrument, the value approved by the Board of Directors of the Pakistan Stock Exchange Limited ("PSX") post-mutualization was used as the initial value of the intangible. The TREC, which has been pledged with the PSX to meet Base Minimum Capital ("BMC") requirements, is assessed for impairment in accordance with relevant approved accounting standards.

- 8.2 Vide its notice dated November 10, 2017, the PSX revised the notional value of the TREC from PKR 5 million to PKR 2.5 million. As a result, the Company has recognized a revaluation gain of PKR 2,178,450 during fiscal 2018.

		Dec-20	Dec-19
		---Rupees---	
	<i>Note</i>		
9 LONG-TERM INVESTMENTS			
Investments available for sale			
LSE Financial Services Limited (unquoted) - at fair value	9.1	23,057,398	23,057,398
Adjustment for remeasurement to fair value		<u>3,899,165</u>	<u>3,899,165</u>
		<u>19,158,233</u>	<u>19,158,233</u>

- 9.1 As a result of the demutualization and corporatization of stock exchanges as detailed in note 8.1, the Company received 843,975 shares of LSE Financial Services Limited. Of these, 60% (506,385 shares) were held in a separate Central Depository Company Limited ("CDC") sub-account, blocked until they are sold to strategic investors, financial institutions and/or the general public. The remaining shares (40% of total, or 337,590 shares) were allotted to the Company.

337,590 shares of LSE Financial Services Limited are pledged with the PSX to meet BMC requirements.

7 PROPERTY AND EQUIPMENT

	Cost					Accumulated Depreciation				Net book value		Rate of dep %age
	As at 1 July 2020	Transferred from leased to owned assets	Additions	Disposals	As at 31 December 2020	As at 1 July 2020	Transferred from leased to Owned	For the Year	Adjustments	As at 31 December 2020	as at 31 December 2020	
	Rupees											
Owned												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	6,393,488	127,663	-	-	6,521,151	4,978,849	5%
Office equipment	384,150	-	-	-	384,150	270,081	5,703	-	-	275,784	108,366	10%
Electrical installations	668,100	-	70,500	-	738,600	474,574	13,201	-	-	487,775	250,825	10%
Computers	1,028,586	-	-	-	1,028,586	855,067	8,676	-	-	863,743	164,843	10%
Leased												
Vehicles	4,044,620	-	70,500	-	4,044,620	1,545,631	124,949	-	-	1,670,580	2,374,040	10%
	17,625,456	-	70,500	-	17,695,956	9,538,841	280,193	-	-	9,819,034	7,876,922	
	Cost					Accumulated Depreciation				Net book value		Rate of depreci ation %age
	As at 1 July 2019	Transferred from leased to owned assets	Additions	Disposals	As at 31 December 2018	As at 1 July 2019	Transferred from leased to Owned	For the Year	Adjustments	As at 31 December 2019	as at 31 December 2019	
	Rupees											
Owned												
Furniture and fixtures	11,500,000	-	-	-	11,500,000	6,124,724	134,382	-	-	6,259,106	5,240,894	5%
Office equipment	365,150	-	-	-	365,150	258,814	5,317	-	-	264,131	101,019	10%
Electrical installations	652,600	-	-	-	652,600	454,794	9,890	-	-	464,684	187,916	10%
Computers	1,028,586	-	-	-	1,028,586	835,787	9,640	-	-	845,427	183,159	10%
Leased												
Vehicles	4,044,620	-	-	-	4,044,620	1,267,966	138,833	-	-	1,406,799	2,637,821	10%
	17,590,956	-	-	-	17,590,956	8,942,085	298,062	-	-	9,240,147	8,350,809	

	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
10 LONG-TERM DEPOSITS			
Central Depository Company Limited		-	-
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Pakistan Stock Exchange Clearing House Deposit		30,000	30,000
Rent Security		81,000	81,000
Security Deposit PSX Office		-	-
		1,511,000	1,511,000
11 TRADE DEBTS			
Considered good	11.1	3,487,422	2,564,026
Considered doubtful		-	-
		3,487,422	2,564,026
Less: Provision for doubtful debts	11.2	1,057,535	776,274
		2,429,887	1,787,752
11.1 The Company holds client-owned securities with a total fair value of PKR _____ (2018: PKR) as collateral against trade debts. The Company recognized a provision for doubtful debts after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or uncollectible.			
Trade debts include PKR _____ receivable from related parties.			
11.2 Movement in provision against trade debts is as under:			
Opening balance (as at July 1)		776,274	674,507
Charged to profit and loss during the year		281,261	101,767
		1,057,535	776,274
Amounts written off during the year		-	-
Closing balance (as at June 30)		1,057,535	776,274
12 LOANS AND ADVANCES			
Staff advances - unsecured, considered good		105,000	57,253
Loan to CEO		1,330,000	1,380,000
Advance Against room LSE South Tower		2,542,008	2,542,008
Withholding Tax Deduction		1,194,617	654,956
		5,171,624.84	4,634,217
13 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES			
NCSS Receivable		17,346,070	7,990,956
Exposure margin with PSX		35,200,000	10,400,000
Other Receivables		145,946	-
		52,692,015.79	18,390,956
14 INCOME TAX REFUNDABLE	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
Balance at the beginning of the year		3,148,590	3,397,013
Add: Current Year Additions		(2,979,636)	(248,423)
		168,954	3,148,590
Less: Adjustment against provision of taxation		-	-
Balance at the end of the year		168,954	3,148,590
15 SHORT-TERM INVESTMENTS			
Investments at fair value through profit or loss			
Investment in listed securities		457,500	457,500
Gain/(Loss) on investment		-	-
		457,500	457,500

Shares with fair value of PKR NIL (2018: PKR NIL) have been pledged with [commercial banks / other] for obtaining finance facilities. Of these, shares with fair value of PKR NIL (2018: PKR NIL) are clients' shares.

	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
16 CASH AND BANK BALANCES			
Cash in hand		11,394	17,150
Cash at bank			
Current accounts	16.1	62,582,021	50,013,067
Savings accounts		2,304,521	4,248,761
		<u>64,897,935.55</u>	<u>54,278,978</u>

16.1 Cash in current accounts includes customers' assets in the amount of PKR 144,958 (2018: 363,382) held in designated bank

	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
17 SHARE CAPITAL			
17.1 Authorized capital			
600,000 (2018: 600,000) ordinary shares of PKR 100 each.		<u>60,000,000</u>	<u>60,000,000</u>
17.2 Issued, subscribed and paid-up share capital			
185,000 (2018: 185,000) ordinary shares of PKR 100/- each, issued for cash		35,000,000	35,000,000
		<u>35,000,000.00</u>	<u>35,000,000</u>

17.3 Shareholders holding 5% or more of total shareholding

	Number of Shares		Percentage	
	Dec-19	Jun-20	Dec-19	Jun-20
Mian Ghulam Mohiuddin	208,108	110,000	0.61	61%
Hassan Iqbal	134,324	71,000	0.39	39%
Zia Muhiudin	3,784	3,784	0.01	1%
	346,216	184,784		

	Dec-20 Rupees	Dec-19 Rupees
18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	632,099	632,099
Less: Current portion	(625,844)	(632,099)
	6,255	-
Minimum lease rentals payable:		
Within one year		
After one year but within five years		
After five years	-	-
	-	-
Less: Future financial charges	-	-
Net lease obligation	<u>6,255.00</u>	<u>-</u>

18.1 [Details of leases, e.g.: The Company has acquired vehicles under finance lease arrangements from a commercial bank and a leasing company in the name of its Chief Executive Officer. The liabilities under the lease agreements are repayable in monthly installments and during the year carried mark-up at the rate of 11.29% to 13.00% (2018: 11.98% to 15.54%) per annum. These lease finance facilities are secured against title of the leased vehicle in the name of lessor.]

	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
19 TRADE AND OTHER PAYABLES			
Trade creditors	19.1	62,564,646	38,486,382
Staff welfare fund		386,039	81,467
Tax payable		4,294,208	498,346
Accrued			
Auditor's remuneration payable		52,518	125,000
Other payables		-	-
		<u>67,297,411</u>	<u>39,191,195</u>

19.1 This includes PKR 264,119 (2018: PKR 92,134) due to related parties.

	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
PROVISION FOR TAXATION			
20			
Balance at the beginning of the year		-	-
Add: Current Year Provision		-	-
		<u>-</u>	<u>-</u>
Less: Adjustment against advance tax		-	-
Balance at the end of the year		<u><u>-</u></u>	<u><u>-</u></u>
CONTINGENCIES AND COMMITMENTS			
21			
21.1		There are no contingencies or commitments of the Company as at June 30, 2018 (Dec 31,2018: Nil)	
	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
22			
Brokerage income	22.1	23,970,252	9,954,740
Dividend income		-	-
		<u>23,970,252</u>	<u>9,954,740</u>
22.1 Brokerage income by segment			
Proprietary / related party trades			
Retail customers		23,970,252	9,954,740
Institutional customers		-	-
		<u>23,970,252</u>	<u>9,954,740</u>
23			
OTHER INCOME			
Other Income		1,748,471	2,078,743
		<u>1,748,471</u>	<u>2,078,743</u>
ADMINISTRATIVE EXPENSES			
24			
Staff salaries, allowances and other benefits		2,932,247	2,156,321
Director's remuneration		1,680,000	1,680,000
Rent, rates and taxes		118,596	107,814
Electricity and communication charges		183,571	156,874
Printing and stationery		45,907	23,144
Postage and telegram		49,238	33,625
Repair and maintenance		165,754	165,465
Travelling and conveyance		-	116,680
Fee and subscription		566,279	399,939
National Clearing Company charges		824,483	368,249
Trading expenses		-	-
Entertainment		171,467	152,404
Provision for doubtful debts			
Insurance expenses			
Charity & Donations		25,700	23,500
EOBI Contribution		9,750	9,360
Auditors' remuneration	24.1.	100,250	-
Miscellaneous expenses		80,547	59,792
Depreciation	6	280,193	298,062
Commission expense		1,052,114	339,181
		<u>8,286,096</u>	<u>6,090,410</u>
Audit Remuneration			
Statutory audit			
Certifications and other charges		-	-
		<u>-</u>	<u>-</u>
FINANCIAL CHARGES			
25			
Mark-up on finance lease		8,911	62,330
Bank and other charges		8,481	9,659
		<u>17,392</u>	<u>71,989</u>

	<i>Note</i>	Dec-20 Rupees	Dec-19 Rupees
26 TAXATION			
Provision made during the year for:			
- current	<i>10</i>		
- prior year			
		-	-
		-	-

EARNINGS PER SHARE

27.	Basic		
	Profit / (loss) after taxation, attributable to ordinary shareholders		
	Weighted average number of ordinary shares in issue during the year	17,415,234	5,871,084
	Earnings per share	350,000	350,000
		49.76	16.77
	figure for		

REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

28. The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	Dec-20		Dec-19	
	Remuneration	Number of persons	Remuneration	Number of persons
Chief Executive	750,000	1	750,000	1
Directors	930,000	2	930,000	2
Executives				

The Chief Executive of the Company are provided with free use of the Company's owned and maintained cars.